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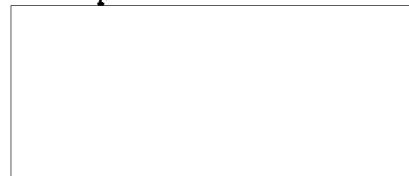
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SITUATION REPORTS

POLAND

The Solidarity chapter in the eastern city of Radom has raised a number of demands that the government probably considers nonnegotiable, and the increasingly tense situation could lead to strikes next week. [redacted]

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The chapter in Radom has demanded the dismissal of local officials who suppressed workers during disturbances in 1976, the transfer of police buildings to the local health service, and the dropping of legal procedures against dissidents. Accession to these demands would affect the morale and authority of the security services and probably would provoke demands from throughout the country that the police be called to account for their past behavior. [redacted]

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Solidarity leader Walesa realizes that strike activity can develop a troublesome momentum, but he cannot disassociate himself from the grievances aired in Radom. Although he is likely to become involved in the negotiations, his presence may not help moderate the demands of the workers in Radom who appear determined to have their demands at least partially met. [redacted]

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Campaign Against Dissidents

The police yesterday detained prominent dissident Adam Michnik for three hours and told him to report to a Warsaw police station three times a week. Michnik eluded the police last week with the aid of a worker guard. [redacted]

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In addition, the media have laid out the evidence against the dissidents held since last September who were recently charged with plotting to overthrow the socialist system. [redacted]

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The government's tougher stance has provoked a strong reaction from several regional Solidarity chapters, which have threatened strikes if harassment continues. In the past, Walesa and Solidarity's entire national leadership have pledged to strike if dissidents such as Michnik and Jacek Kuron were arrested.

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EL SALVADOR

The munitions flow to the guerrillas has dropped off considerably in recent weeks, apparently causing several guerrilla units to experience shortages. Efforts to renew deliveries using different methods and routes are continuing, however, indicating that large amounts of weapons and ammunition are still in the pipeline. 25X1

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Government troops, meanwhile, began operations this week in two areas of central and eastern El Salvador. The operations are likely only to harass the insurgents by keeping them on the move. 25X1

Venezuelan and Mexican Reaction

Former Venezuelan President Perez believes that neither the Salvadoran Government nor the guerrillas can win a protracted struggle and that only negotiations can solve the issue. He told the US Ambassador last Saturday that a settlement would have to include both the Democratic Revolutionary Front and President Duarte, although

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not as junta President. Perez seems convinced that the military also would have to be given a role, but believes that Defense Minister Garcia has to go. [REDACTED]

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Perez claims he has sent word to Fidel Castro that his policy of intervention in Central America can only lead to Cuba's greater isolation in the hemisphere and to increased dependence on the Soviets. Perez is capable of sudden changes in position, but as long as he believes that moderation is politically advantageous and that he can influence US policy in Central America, he is likely to cooperate with efforts to find a solution in El Salvador.

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Mexican President Lopez Portillo, without specifically mentioning the US, told journalists this week that "interventionist tendencies" in Central America are much more dangerous than ideologies because ideological conflicts can be discussed or voted on. His remarks are a continuation of Mexican efforts to forestall increased US involvement in El Salvador and avoid a superpower conflict in Central America. [REDACTED]

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Political Fallout in Western Europe

The question of negotiations between the junta and the leftist opposition is continuing to cause political problems in Western Europe. In West Germany, the Social Democratic Party is looking for a face-saving way to cool the issue or at least to avoid being blamed for a deterioration of relations between the US and Western Europe over El Salvador. They are willing to work for a political settlement and to cooperate with the opposition Christian Democrats to devise a common European approach to the issue. [REDACTED]

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Meanwhile, the Socialist International's efforts to arrange negotiations are stalled, because of uncertainty over how the US, the Duarte junta, and the Salvadoran left will respond. [REDACTED]

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A lack of US support for negotiations could strengthen the forces already opposed to other US-sponsored programs--such as TNF deployment--which require confidence in the ability of the US to gauge the Soviet threat and to deal with it safely. [REDACTED]

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Chinese Commentary

Recent Chinese media coverage of events in El Salvador conveys support for US moves there to counter Soviet Bloc intervention. Beijing has cited US policy toward El Salvador as reflecting Washington's tougher stance against the USSR in the "new era" of the Reagan administration. [REDACTED]

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At the same time, the Chinese show concern for Latin American sensitivities by expressing opposition to external intervention. During the recent visit to China by the Venezuelan Foreign Minister, both the Chinese and the Venezuelan attacked the USSR and Cuba by name but did not mention the US in decrying "outside" interference. [REDACTED]

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USSR-JAPAN: Relations Remain Strained

Soviet Ambassador Polyanskiy's meeting with Liberal Democratic Party leaders on Wednesday apparently failed to reverse the deterioration in Soviet-Japanese political relations. [REDACTED]

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The Japanese raised the Northern Territories issue at the outset, calling it a "fishbone stuck in the throat" of bilateral relations. Polyanskiy evidently criticized the recent Japanese campaign for the return of the territories as "anti-Soviet" in nature, and pushed for improved economic ties. Both sides also used frank and sometimes heated language in repeating their standard positions on Afghanistan, the Polish problem, and the Soviet military buildup on the Northern Islands. [REDACTED]

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Prime Minister Suzuki has agreed to hold talks with Polyanskiy next week if the Ambassador's meeting with Foreign Minister Ito next Wednesday is productive. Suzuki is aware that the Soviets are eager for a dialogue, and he intends to press Japan's case on the Northern Islands. The Prime Minister presumably will reiterate his opposition to Soviet attempts to separate economic and political issues. [REDACTED]

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Polyanskiy may give Suzuki a letter from President Brezhnev, perhaps similar to those sent to the US and European countries on the need for a US-Soviet summit and a TNF freeze in Europe. [REDACTED]

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In addition, the Ambassador is almost certain to mention Brezhnev's proposal at the Soviet party congress regarding the development of confidence-building measures in the Far East. Moscow appears to be disappointed with Tokyo's cautious response on the initiative but may hope that the meetings next week will provide an opportunity to sound out the Japanese on the matter. [REDACTED]

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LIBERIA: Clash Over Foreign Policy

A showdown is developing between Foreign Minister Matthews and military leaders over his efforts to increase ties with pro-Soviet countries. [REDACTED]

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Matthews has unilaterally forged ahead with his policy of "true nonalignment" despite complaints from Head of State Doe and other military men on the ruling council. He has permitted the Soviets to double their Embassy staff and is allowing the Libyans and Cubans to open resident diplomatic missions. [REDACTED]

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Matthews also has accepted modest amounts of aid and scholarships from the USSR, Libya, and Ethiopia. He is scheduled to visit Cuba later this month. [REDACTED]

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TAIWAN: New Crackdown on Opposition

The arrests of opposition politicians defeated in legislative elections late last year may be an effort by authorities on Taiwan to intimidate other members of the opposition who are using their positions in the legislature to criticize the regime. So far five have been arrested and charged with violating the election law enacted before the elections in December. The authorities have convicted two of the five, and doctored evidence apparently was used in one case. Taipei also has indicated that it intends to try again to gain control of Taiwan's Christian organizations, particularly the Presbyterian Church, which is sympathetic to the opposition.

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ZAMBIA: Short-Term Financial Aid

Zambia has negotiated a \$150 million line of credit with six international banks to pay for most of its oil needs this year. Last month oil imports were halted because of lack of funds. Without sufficient oil, Zambia would have had to cut back copper and cobalt production. Zambia accounts for 11 percent of US imports of refined copper and 10 percent of US cobalt supplies. [REDACTED]

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Zambia will still need help from the IMF to prevent further defaults on its debt and to maintain copper and cobalt production. The IMF has agreed to extend a three-year line of credit to Zambia, but the amount is still under discussion. The IMF is insisting that President Kaunda impose new austerity measures that will be particularly unpopular with Kaunda's urban constituents. If the negotiations drag on, some of the banks involved in the most recent loan say that they will back out. [REDACTED]

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BOLIVIA: More Pressure on Garcia Meza

Most military officers who had demanded former Interior Minister Arce's removal from any position of influence are outraged over his appointment as the new head of the military academy, the Army's second most prestigious post. They are likely to move against General Garcia Meza soon unless he removes Arce immediately and attempts to institute real reform. Garcia Meza, however, probably will not be able to carry out either step. [REDACTED]

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SPECIAL ANALYSIS

USSR-POLAND: Moscow's Strategy

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The USSR is increasing pressure on the Kania regime to take more resolute action against dissidents and against the militants in Solidarity and to complete plans for the possible use of martial law. The Soviets are pursuing these tactics partly to strengthen the resolve of the Polish party

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They presumably want to see whether this line of action is effective before deciding on their own use of force.

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The communique following the summit last week in Moscow between the Soviet and Polish leaders underscores the Kremlin's dissatisfaction with the Kania regime's performance. It states that Poland "was and will be"--rather than "is"--a reliable link in the socialist community and for the first time raised the Brezhnev Doctrine in reference to the Polish situation.

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The growing ferment among rank-and-file members for liberalization of the Polish party is of increasing concern to the Soviet leaders. Soviet confidence in First Secretary Kania and the Polish party appears lower than at any time since the crisis began last July. Moscow's approval of the unprecedented appointment of a military officer, General Jaruzelski, to head a Communist government is the clearest indication that it recognizes that the Polish party has become bankrupt.

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A Polish diplomat in Moscow reports that the Soviets told Kania last week to delay indefinitely the extraordinary party congress, which had originally been scheduled for early next month. The Brezhnev leadership's fear in 1968 that a coming party congress in Czechoslovakia would oust the remaining pro-Soviets and institutionalize party liberalization was a major factor in the decision to invade. Moscow apparently has similar fears about a Polish congress and wishes to take no chances.

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The Soviets have no clear alternative to Kania as party leader. Despite his poor record, they probably do not doubt his loyalty or fear that he is a potential Polish Dubcek. They probably also consider that his replacement at this point by a hardliner might further damage the Polish party. Nevertheless, one of the few remaining moves the Soviets can take short of military action is to sack Kania, and, if he balks at fully implementing Moscow's current strategy, the Soviets will consider playing that card. [REDACTED]

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Demanding Action

The summit communique also indicates that Moscow will no longer tolerate procrastination and compromise by the Polish party. It states that a "firm and resolute rebuff" to Poland's internal and external enemies is "particularly urgent" and that a "radical improvement" of the situation is necessary. [REDACTED]

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The Soviets apparently want Kania immediately to fulfill his repeated pledges to seize the initiative from Solidarity. [REDACTED]

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The Polish regime's brief detentions over the last 10 days of dissident leaders Jacek Kuron and Adam Michnik appear to be a direct outcome of the summit in Moscow. The Kremlin will press Warsaw to follow up on these moves to isolate the dissidents from Solidarity--the first step in an attack that the Soviets will want eventually to be aimed at the union itself. [REDACTED]

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Outlook

Moscow apparently is pushing Kania to adopt a more forceful policy, even though it has doubts about his ability to make it work. [REDACTED]

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[REDACTED] The Soviets probably believe that under these circumstances there is a high risk of uncontrolled violence that would require direct Soviet military intervention. [REDACTED]

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At this point, it is unclear whether Moscow has decided to accept this risk. The Soviet leaders probably still hope that the regime can somehow contain the reaction by Solidarity that a crackdown on the dissidents would bring. If public order does break down, however, the Soviets would be in a better position to justify a military intervention to world opinion. [REDACTED]

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